

AMENDED IN ASSEMBLY AUGUST 15, 2005

AMENDED IN SENATE APRIL 18, 2005

SENATE BILL

No. 467

Introduced by Senator Lowenthal

February 18, 2005

An act to add Section 44287.1 to the Health and Safety Code, relating to air resources.

LEGISLATIVE COUNSEL'S DIGEST

SB 467, as amended, Lowenthal. Carl Moyer Memorial Air Quality Standards Attainment Program.

Existing law establishes the Carl Moyer Memorial Air Quality Standards Attainment Program, which provides grants to offset the incremental cost of eligible projects that reduce oxides of nitrogen from heavy-duty mobile sources in the state. Existing law requires the State Air Resources Board to establish or update grant criteria and guidelines consistent with the program for covered vehicle projects.

This bill would require the state board to revise the grant criteria and guidelines to incorporate projects in which an applicant turns in nonroad internal combustion technology and equipment that the applicant owns and that still has some useful life, coupled with the purchase of new nonroad—~~electric~~ *zero-emission* technology and equipment that is in a similar category or that can perform the same work. The bill would impose certain restrictions on the state board's evaluation of the cost-effectiveness of a project.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) Nonroad—~~electric~~ *zero-emission* technologies and equipment, including, but not limited to, electric *or fuel-cell powered* forklifts and other lift trucks, airport ground support equipment, industrial tow tractors, industrial burden and personnel carriers, sweepers, scrubbers and varnishers, and other small nonroad—~~electric~~ *zero-emission* technologies and equipment that replaces similar nonroad internal combustion technologies and equipment produces a large percentage reduction in criteria air pollutants, including particulates, nitrogen oxides, and reactive organic gases, as well as reductions in greenhouse gas emissions, and contributes to increased fuel diversity and energy security.

(b) These nonroad—~~electric~~ *zero-emission* technologies and equipment are, or should be, eligible for incentives under the Carl Moyer Memorial Air Quality Standards Attainment Program (Chapter 9 (commencing with Section 44275) of Part 5 of Division 26 of the Health and Safety Code) to the extent that they replace or supplant more polluting nonroad internal combustion technologies and equipment, both existing and new.

(c) The State Air Resources Board has restricted eligibility for some categories of nonroad—~~electric~~ *zero-emission* technologies and equipment because of concerns that in some instances applicants may be replacing old nonroad—~~electric~~ *technologies and equipment with new nonroad—electric zero-emission technologies and equipment with new nonroad zero-emission technologies and equipment*, which may not be producing ~~significant~~ *real, enforceable, quantifiable, and surplus* emission reductions.

(d) One way for an applicant to demonstrate that it is replacing existing nonroad internal combustion technologies and equipment with new nonroad—~~electric~~ *zero-emission* technologies and equipment is to turn in or “scrap” an older piece of nonroad internal combustion technologies and equipment that it has owned and that still has some useful life, and replace it with the purchase of new nonroad—~~electric~~ *zero-emission* technologies and

1 equipment. This practice is generally referred to as “scrap and
2 buy” or “scrap and replace.”

3 (e) An applicant that replaces useful older nonroad internal
4 combustion technologies and equipment with new nonroad
5 ~~electric~~ zero-emission technologies and equipment creates two
6 separate streams of emission reductions, both of which should be
7 counted in this transaction, *provided that they are real,*
8 *enforceable, quantifiable, and surplus emission reductions:* first,
9 the transaction displaces the emissions from the older nonroad
10 internal combustion technologies and equipment for its
11 remaining life; second, after the remaining life of the older
12 nonroad internal combustion equipment and technologies, the
13 transaction produces additional emission reductions representing
14 the difference between the purchase of new nonroad internal
15 combustion technologies and equipment and new nonroad
16 ~~electric~~ zero-emission technologies and equipment.

17 SEC. 2. Section 44287.1 is added to the Health and Safety
18 Code, to read:

19 44287.1. (a) The state board shall, at its first opportunity,
20 revise the grant criteria and guidelines adopted pursuant to
21 Section 44287 to incorporate projects in which an applicant turns
22 in a nonroad internal combustion technology and equipment that
23 the applicant owns and that still has some useful life, coupled
24 with the purchase of new nonroad ~~electric~~ zero-emission
25 technology and equipment that is in a similar category or that can
26 perform the same work.

27 (b) When it evaluates the benefits of a project described in
28 subdivision (a), the state board shall count both of the following
29 emission reduction streams, *provided that they are real,*
30 *enforceable, quantifiable, and surplus emission reductions:*

31 (1) The displacement of the emissions from the older nonroad
32 internal combustion technology and equipment for its remaining
33 life with the new nonroad ~~electric~~ zero-emission technology and
34 equipment.

35 (2) After the time period specified in paragraph (1), the
36 displacement of emissions from new nonroad internal
37 combustion technology and equipment meeting the emission
38 standards in place at time of purchase, with the new nonroad
39 ~~electric~~ zero-emission technology and equipment over its
40 remaining life.

1 (c) A project described in subdivision (a) shall meet the
2 cost-effectiveness criteria in Section 44283 and all other criteria
3 of the program, *including the requirement that the emission*
4 *reductions be real, enforceable, quantifiable, and surplus.*

5 (d) The incremental cost of a project described in subdivision
6 (a) may include, at the discretion of the applicant, some or all of
7 the reasonable salvage value of the nonroad internal combustion
8 technology and equipment turned in, as determined by the state
9 board, and some or all of any additional costs incurred for
10 necessary recharging equipment or infrastructure as determined
11 by the state board. However, an applicant that elects to include
12 these costs shall be required to meet the cost-effectiveness
13 criteria in Section 44283.